program. Apparently, EPA believes that if it hires the right makeup of people, it does not matter if its managers discriminate and harass those individuals.

Diversity is great, but in and of itself, it is not the answer. Enforcing the laws protecting employees from harassment, discrimination and retaliation is the answer. EPA, however, does not appear to do this. EPA managers have not been held accountable when charges of intolerance and discrimination are found to be true. Such unresponsiveness by Administrator Browner and the Agency legitimizes this indefensible behavior.

To assure accountability, I have introduced the Notification and Federal Employee Antidiscrimination and Retaliation Act (No FEAR Act) of 2000, H.R. . Federal employees with diverse backgrounds and ideas should have no fear of being harassed because of their ideas or the color of their skin. This bill would ensure accountability throughout the entire Federal Government—not just EPA. Under current law, agencies are held harmless when they lose judgments, awards or compromise settlements in whistleblower and discrimination cases.

The Federal Government pays such awards out of a government wide fund. The No FEAR Act would require agencies to pay for their misdeeds and mismanagement out of their own budgets. The bill would also require Federal agencies to notify employees about any applicable discrimination and whistleblower protection laws and report to Congress on the number of discrimination and whistleblower cases within each agency. Additionally, each agency would have to report on the total cost of all whistleblower and discrimination judgments or settlements involving the agency.

Federal employees and Federal scientists should have no fear that they will be discriminated against because of their diverse views and backgrounds. H.R. is a significant step towards achieving this goal.

INTRODUCTION OF THE 'CELLULAR TELECOMMUNICATIONS DEPRECIATION CLARIFICATION ACT'

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 2000

Mr. CRANE. Mr. Speaker, I am pleased to join with Rep. NEAL and Ms. JOHNSON, Ms. DUNN, and Mr. JOHNSON of the Committee on Ways and Means in introducing the ''Cellular Telecommunications Depreciation Clarification Act.'' This legislation will amend the Internal Revenue Code to clarify that cellular telecommunications equipment is ''qualified technological equipment'' as defined in section 168(i)(2).

When an asset used in a trade or business or for the production of income has a useful life that extends beyond the taxable year, the costs of acquiring or producing the asset generally must be capitalized and recovered through depreciation or amortization deductions over the expected useful life of the property. The cost of most tangible depreciable property placed in service after 1986 is recovered on an accelerated basis using the modified accelerated cost recovery system, or MACRS. Under MACRS, assets are grouped into classes of personal property and real property, and each class is assigned a recovery period and depreciation method.

For MACRS property, the class lives and recovery periods for various assets are prescribed by a table published by the Internal Revenue Service found in Rev. Proc. 87–56, 1987–2 C.B. 674. This table lists various Asset Classes, along with their respective class lives and recovery periods. Rev. Proc. 87–56 does not specifically address the treatment of cellular assets, but rather addresses assets used in traditional wireline telephone communications.

These wireline class lives were created in 1977 and have remained basically unchanged since that time. In 1986, Congress added a category for computer-based telephone switching equipment, but there are no asset classes specifically for cellular communications equipment in Rev. Proc. 87–56. This is largely due to the fact that the commercial cellular industry was in its infancy in 1986 and 1987. Since the cellular industry was not specifically addressed in Rev. Proc. 87–56, the cellular industry has no clear, definitive guidance regarding the class lives and recovery periods of cellular assets. Therefore, the Internal Revenue Service and cellular companies have been left to resolve depreciation treatment on an ad hoc basis for these assets as the industry has rapidly progressed.

The result is that both cellular telecommunications companies and the Internal Revenue Service are expending significant resources in auditing and settling disputes involving the depreciation of cellular telecommunications equipment. This process is obviously costly and inefficient for taxpayers and the Service, but it also leaves affected companies with a great deal of uncertainty as to the tax treatment, and therefore expected after-tax return, they can expect on their telecommunications investments. A standardized depreciation system for cellular telecommunications equipment would eliminate the excessive costs incurred by both industry and government through the audit and appeals process, and would eliminate an unnecessary degree of uncertainty that is slowing the expansion of our national telecommunications systems.

The Treasury Department's recently released ''Report to the Congress on Depreciation Recovery Periods and Methods'' tacitly acknowledges this point. In its discussion about how to treat assets used in newly-emerging industries, such as the cellular telecommunications industry, the report states:

[t]he IRS normally will attempt to identify those characteristics of the new activity that most nearly match the characteristics of existing asset classes. However, this practice may eventually become questionable in a system where asset classes are seldom, if ever, reviewed and revised. The cellular phone industry, which did not exist when the current asset classes were defined, is a case in point. This industry's assets differ in many respects from those used by wired telephone service, and may not fit well into the existing definitions for telephony-related classes.

Rather than force cellular telecommunications equipment into wireline telephony ''transmission'' or ''distribution'' classes, a better solution would clarify that cellular telecommunications equipment is ''qualified technological equipment.'' The Internal Revenue Code currently defines qualified technological equipment as any computer or peripheral equipment and any high technology telephone station equipment installed on a customer's premises.

The cellular telecommunications industry has been one of the fastest growing industries in the United States since the mid-1980s, as evidenced by the following statistics:

The domestic subscriber population has grown from less than 350,000 in 1985 to 86 million by 1999, and is projected to grow to 175 million by 2007.

The industry directly provided 4,334 jobs in 1986, which grew to over 155,000 directly provided jobs and one million indirectly created jobs by 1999.

Capital expenditures on cellular assets exceeded $15 billion in 1999.

The rapid technological progress exhibited by the cellular telecommunications industry illustrates how the tax code needs to be flexible to adapt to future technologies and technological changes. Continued rapid advancement is on the horizon, including wireless fax, high-speed data, video capability, and a multitude of wireless Internet services. It is impossible in 2000 to anticipate properly the new equipment that will support this growth even two years hence.

For further information on this I refer my colleagues to the testimony of Ms. Molly Feldman, Vice-President-Tax of Verizon Wireless before the House Committee on Ways and Means, Subcommittee on Oversight. Ms. Feldman's testimony provides an excellent overview of the industry, its history, and the reasons why this bill is so important. I urge my colleagues to support this important clarification to the tax law.

H.R. ____

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. WIRELESS TELECOMMUNICATIONS EQUIPMENT.

(a) IN GENERAL.—Subparagraph (A) of section 168(i)(2) of the Internal Revenue Code of 1986 (defining qualified technological equipment) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by inserting after clause (iii) the following new clause:

''(iv) any wireless telecommunications equipment.''

(b) WIRELESS TELECOMMUNICATIONS EQUIPMENT.—Section 168(i)(2) of the Internal Revenue Code of 1986 is amended by inserting after subparagraph (C) the following new subparagraph:

''(D) WIRELESS TELECOMMUNICATIONS EQUIPMENT.—For purposes of this paragraph, the term ''wireless telecommunications equipment'' means all equipment used in the transmission, reception, coordination, or switching of wireless telecommunications service. For this purpose, ''wireless telecommunications service'' includes any commercial mobile radio service as defined in Title 47 of the Code of Federal Regulations.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property